



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

May 20, 2005

Served by Emery County Sheriff's Office

Stephen Powell
Chimney Rock Corporation
105 East 600 North
P.O. Box 253
Castle Dale, Utah 84513

Subject: Division Directive and Request for Right-of-Entry Information, Chimney Rock Corp. Chimney Rock/Don 1&2 Mine, S/049/019, Utah County, Utah

Dear Mr. Powell:

The Division has made three attempts to mail the enclosed letter (certified), each time it has been returned unclaimed. We have even called to verify that we were sending this to the correct address, and still the letter has been returned. The Division, therefore, has no option but to have this letter delivered by the County Sheriff's office. Our previous letter to you (copy enclosed) identifies concerns about the Don 1 & 2 mines. In order to resolve the problems, we require the following:

1. By June 17, 2005, provide evidence to the Division that you have legal right to enter the property, and
2. By June 17, 2005 provide evidence to the Division that you have legal right to remove minerals (limestone).

OR,

3. By June 17, 2005, commence reclamation of all disturbances associated with this project and provide a schedule for the completion of this work.

You are further directed to notify the Division by June 8, 2005, of your intention as to whether you will renew your leases with the State and Institutional

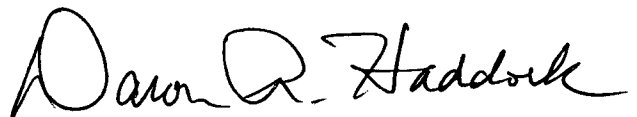
Stephen Powell
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S/049/019
May 20, 2005

Trust Lands Administration and the U.S. Bureau of Land Management by June 17, 2005, or that you will commence reclamation of the site.

Failure to do so will result in the Division taking formal enforcement action to resolve this situation.

Please don't hesitate to call me at (801) 538-5325 or Lynn Kunzler at 538-5310 if you have any questions regarding this letter.

Sincerely,

A handwritten signature in black ink that reads "Daron R. Haddock". The signature is fluid and cursive, with the first name "Daron" being the most prominent part.

Daron R. Haddock,
Permit Supervisor
Minerals Regulatory Program

DRH:lk:jb
Enclosure: November 19, 2004 letter
cc: John Blake, SITLA
Mike Ford, BLM
Peggy Kelsey, Utah County
MaryAnn Wright, DOGM
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State of Utah

Department of
Natural Resources

ROBERT L. MORGAN
Executive Director

Division of
Oil, Gas & Mining

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

November 19, 2004

CERTIFIED RETURN RECEIPT
7099 3400 0016 8896 0419

Stephen Powell
Chimney Rock Corporation
P.O. Box 253
Castle Dale, Utah 84513

Subject: Division Directive and Request for Right-of-Entry Information, Chimney Rock Corp. Chimney Rock/Don 1&2 Mine, S/049/019, Utah County, Utah

Dear Mr. Powell:

It has been brought to the Division's attention that your State lease (SITLA Lease # ML45544) for the referenced site has expired, your contract with the BLM for the purchase of stone from the BLM portion of the site has expired, and that your business license and reclamation bond with Utah County has also expired (which suspends your County authorization to operate at this site). This also places your State (DOGM) authorization in jeopardy.

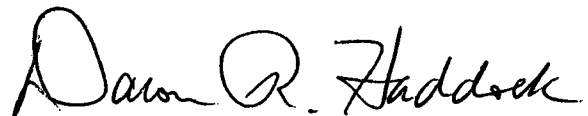
To resolve this situation and avoid potential enforcement action, you are hereby directed to provide proof of legal right to enter and remove stone from the Chimney Rock/Don 1 & 2 mine by December 23, 2004. The proof would normally consist of documentation that your State lease has been renewed, you have a lease or sales contract from the BLM, and that the reclamation bond has been replaced with the County (or a new reclamation bond and Reclamation Contract has been submitted to DOGM).

You are further directed to suspend all mining related activities at this site, including the removal of any materials until this matter is resolved. Failure to provide the requested right-of-entry information may result in formal enforcement action and an order to immediately reclaim the site.

Stephen Powell
Page 2 of 2
S/049/019
November 19, 2004

Please don't hesitate to call me at (801) 538-5325 or Lynn Kunzler at 538-5310 if you have any questions regarding this letter.

Sincerely,

A handwritten signature in black ink that reads "Daron R. Haddock". The signature is fluid and cursive, with the first name "Daron" and last name "Haddock" clearly legible, and "R." in the middle.

Daron R. Haddock,
Permit Supervisor
Minerals Regulatory Program

DRH:lk:jb

cc: John Blake, SITLA
Mike Ford, BLM
Peggy Kelsey, Utah County
Mark Mesch, DOGM

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